

Message Text

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11

ACTION ARA-10

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R 222140Z AUG 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4488

C O N F I D E N T I A L SANTIAGO 5777

EO 11652: GDS

TAGS: CI, ELAB, PINT

SUBJECT: GENERAL LEIGH ON SOCIAL SITUATION

1. SUMMARY: JUNTA MEMBER AND AIR FORCE CINC GEN. LEIGH INDICATED CONSIDERABLE CONCERN OVER SACRIFICES IMPOSED ON THE POOR BY GOC ECONOMIC RECOVERY PROGRAM. WE ASSUME SOME ADDITIONAL RELIEF MEASURES ARE LIKELY TO FOLLOW, AND THAT LEIGH'S PUBLICLY EXPRESSED CONCERN REFLECTS PRIVATE WORRIES OF HIMSELF AND OTHER SENIOR MILITARY OFFICERS. END SUMMARY.

2. CONSERVATIVE "EL MERCURIO" AUGUST 22 CARRIED EXCLUSIVE INTERVIEW WITH JUNTA MEMBER GENERAL GUSTAVO LEIGH ON OCCASION OF LEIGH'S SECOND ANNIVERSARY AS AIR FORCE CINC. WHILE AFFIRMING HIS BELIEF THAT GOC ECONOMY RECOVERY PROGRAM WAS INDISPENSABLE, LEIGH EXPRESSED OPINION THAT PROGRAM'S SOCIAL COSTS HAD SOMEWHAT EXCEEDED LEVELS HE HAD EXPECTED. HE INDICATED THAT JUNTA WOULD SOON STUDY MEANS FOR RELIEF. INFLATION APPARENTLY IS BEING REDUCED, BUT "FOUR HARD MONTHS" LIE AHEAD. GOC HAS TO SEE TO IT THAT "THE CURVE DOES NOT CONTINUE GOING UP SHARPLY FROM HERE TO DECEMBER ... HAVE TO STRAIGHTEN THE CURVE A BIT MORE."

3. LEIGH APPLAUDED GENERAL PINOCHET'S DECISION TO RAISE
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LIMIT (OF 82,000) OF UNEMPLOYED PEOPLE WHO MAY BE HELPED

UNDER GOC'S PLAN FOR MINIMUM EMPLOYMENT AND SAID HE CONSIDERED THAT LIMIT "TOTALLY INADEQUATE IN VIEW OF PRESENT LEVELS OF UNEMPLOYED." HE WAS WORRIED THAT LEVEL OF UNEMPLOYMENT WAS HIGHER THAN "WE" HAD THOUGHT WOULD RESULT. AND IT IS "NECESSARY TO TAKE INTO ACCOUNT THE DISGUISED UNEMPLOYMENT WHICH IS NOT REFLECTED IN THE (UNEMPLOYMENT) INDEXES; ALL OF THIS MOUNTAIN OF PEOPLE SELLING COMBS, SOAP, ETC. ARE NOT PRODUCTIVE MEN."

4. LEIGH ALSO INDICATED THAT THE IMPLEMENTING REGULATIONS FOR THE NATIONAL WORKER TRAINING PROGRAM ("CAPACITACION LABORAL" - A PART OF THE RECENTLY ENACTED SOCIAL STATUTE OF ENTERPRISE) ARE ALMOST READY, AND THAT THE NEW LABOR CODE MIGHT BE COMPLETED BY DECEMBER 1975. ON LATTER HE SAID GOC HAD RECEIVED ALL OF LABOR'S AND MANAGEMENT'S RECOMMENDATIONS; THEY ARE BEING STUDIED WITH NO FIXED DATE FOR PROMULGATION.

5. COMMENT: LEIGH'S CONCERN FOR SOCIAL SITUATION IS NOT NEW. HE HAS BEEN LABELED BY LABOR AS THE SOCIAL CONSCIENCE OF THE JUNTA. HIS MILD ADMISSION OF UNDERESTIMATION OF GOC POLICY EFFECTS IS A DEPARTURE FROM HIS MORE COMMON CASTIGATION OF PRIVATE SECTOR EMPLOYERS. WE ASSUME THAT THESE LOW-KEY REMARKS REFLECT LEIGH'S PRIVATELY EXPRESSED PERSONAL CONCERN FOR THE WAY CHILEAN SITUATION IS GOING, AS WELL AS PRIVATE STATEMENTS OF SENIOR AIR FORCE AND ARMY OFFICERS THAT CHILEAN POOR ARE PAYING TOO HIGH A PRICE. LEIGH OF COURSE DID NOT COMMIT GOC TO SIGNIFICANT DEPARTURE FROM BASIC ECONOMIC/SOCIAL POLICY, BUT HIS REMARKS SEEM TO SIGNAL SOME ADDITIONAL RELIEF FOR GROWING RANKS OF UNEMPLOYED AND FOR MINIMUM WAGE EARNERS.
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